

REGULATION OF MEMBERS OF BOARD OF GOVERNORS  
NUMBER 20/5/PADG/2018  
ON  
INSTRUMENTS IN OPEN MARKET OPERATION

BY THE BLESSINGS OF GOD THE ALMIGHTY

REGULATION OF THE BOARD OF GOVERNORS OF BANK INDONESIA

Considering : a. that to implement the monetary policy to achieve Bank Indonesia's objective, Bank Indonesia exercises monetary control, among others through monetary operation in a conventional manner and in adherence to sharia principles;

b. that in implementing the monetary operation set forth in letter a, Bank Indonesia needs to regulate instruments used in open market operation in a conventional manner and in adherence to sharia principles;

c. that based on the foregoing considerations in letter a and letter b, it is necessary to establish a Regulation of Members of Board of Governors on Open Market Operation;

Observing : Regulation of Bank Indonesia Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 60, Supplement to State Gazette of the Republic of Indonesia Number 6198);

HAS DECIDED:

To issue : REGULATION OF MEMBERS OF BOARD OF GOVERNORS ON INSTRUMENTS IN OPEN MARKET OPERATION.

## CHAPTER I GENERAL PROVISIONS

### Article 1

In this Regulation of Members of the Board of Governors:

1. Bank means a commercial bank, sharia commercial bank, and sharia business unit.
2. Commercial Bank means a commercial bank carrying out its business activities in a conventional manner as set forth in a Law on banks.
3. Sharia Commercial Bank, hereinafter referred to as SCB, means a commercial bank carrying out its business activities in adherence to sharia principles as set forth in a Law on sharia banks.
4. Sharia Business Unit, hereinafter referred to as SBU, means a sharia business unit as set forth in a Law on sharia banks.
5. Monetary Operation means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner and in adherence to sharia principle.
6. Conventional Monetary Operation, hereinafter referred to as CMO, means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner.
7. Sharia Monetary Operation, hereinafter referred to as SMO, means monetary policy implementation by Bank Indonesia to exercise monetary control in adherence to sharia principle.
8. Open Market Operation, hereinafter referred to as OMO, means transactional activities in the money market and/or foreign exchange market conducted by Bank

Indonesia with Banks and/or other parties for Monetary Operation in a conventional manner and in adherence to sharia principles.

9. Conventional Open Market Operation, hereinafter referred to as Conventional OMO, means transactional activities in the money market and/or foreign exchange market conducted by Bank Indonesia with commercial banks and/or other parties.
10. Sharia Open Market Operation, hereinafter referred to as Sharia OMO, means transactional activities in the money market in adherence to sharia principle and/or foreign exchange market conducted by Bank Indonesia with SCB, SBU, and/or other parties.
11. Conventional OMO participant means any commercial bank, which has obtained permit from Bank Indonesia as an OMO participant as specified in the provisions of Bank Indonesia for monetary operation participation.
12. Sharia OMO participant means any SCB and/or SBU, which has obtained permit from Bank Indonesia as an OMO participant as specified in the provisions of Bank Indonesia for monetary operation participation.
13. Intermediary Institution means any broker in rupiah and foreign exchange market and securities company appointed by the Finance Minister of the Republic of Indonesia as the main dealer, which has obtained permit from Bank Indonesia as an intermediary institution as specified in the provisions of Bank Indonesia for monetary operation participation.
14. Bank Indonesia Certificate, hereinafter referred to as SBI, means securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term indebtedness.
15. Sharia Bank Indonesia Certificate, hereinafter referred to as SBIS, means securities in adherence to sharia principles in rupiah issued by Bank Indonesia with a short term.
16. Bank Indonesia Deposit Certificate, hereinafter referred to as SDBI, means securities in rupiah issued by Bank

Indonesia as acknowledgment of short term indebtedness, which may only be traded between commercial banks.

17. Bank Indonesia Securities in Foreign Currency, hereinafter referred to as Foreign Currency SBBI, means securities in foreign currency issued by Bank Indonesia as acknowledgment of short term indebtedness.
18. Sovereign Securities, hereinafter referred to as SBN, mean sovereign debt securities and sovereign sharia securities.
19. Sovereign Debt Securities, hereinafter referred to as SUN, means sovereign debt securities as set forth in the Law on sovereign debt securities.
20. Sovereign Sharia Securities, hereinafter referred to as SBSN, means sovereign sharia securities as set forth in the Law on sovereign sharia securities.
21. Securities Repurchase Agreement Transaction for Conventional OMO, hereinafter referred to as Conventional OMO Repo Transaction, means any securities sale transaction by a Conventional OMO Participant to Bank Indonesia, with mandatory repurchase by the Conventional OMO Participant at the agreed price and within the agreed period.
22. Securities Repurchase Agreement Transaction for Sharia OMO, hereinafter referred to as Sharia OMO Repo Transaction, means any securities sale transaction by a Sharia OMO Participant to Bank Indonesia, with mandatory repurchase by the Sharia OMO Participant at the agreed price and within the agreed period.
23. Securities Reverse Repo Transaction for Conventional OMO, hereinafter referred to as Conventional OMO Reverse Repo Transaction, means any securities purchase transaction by a Conventional OMO Participant from Bank Indonesia, with mandatory resale by the Conventional OMO Participant at the agreed price and within the agreed period.
24. Securities Reverse Repo Transaction for Sharia OMO, hereinafter referred to as Sharia OMO Reverse Repo Transaction, means any securities purchase transaction

by a Sharia OMO Participant from Bank Indonesia, with mandatory resale by the Sharia OMO Participant at the agreed price and within the agreed period.

25. Conventional OMO Term Deposit, hereinafter referred to as Conventional OMO Term Deposit Transaction, means term deposit with Bank Indonesia in rupiah and/or foreign currency of a Conventional OMO Participant.
26. Sharia OMO Term Deposit, hereinafter referred to as Sharia OMO Term Deposit Transaction, means term deposit with Bank Indonesia in foreign currency of a Sharia OMO Participant.
27. Spot Transaction means sale or purchase of foreign currency against rupiah where the fund is delivered within 2 (two) Business Days after a transaction date.
28. Purchase Spot Transaction of Bank Indonesia means purchase of foreign currency against rupiah by Bank Indonesia where the fund is delivered within 2 (two) business days after a transaction date.
29. Sale Spot Transaction of Bank Indonesia means sale of foreign currency against rupiah by Bank Indonesia where the fund is delivered within 2 (two) business days after a transaction date.
30. Swap Transaction means exchange of foreign currency against rupiah through cash (spot) purchase or sale or forward resale or repurchase simultaneously, with the same counterpart and at an established and agreed rate on a transaction date.
31. Purchase Swap of Bank Indonesia means spot sale of foreign currency against rupiah by Bank Indonesia, followed by forward repurchase of foreign exchange by Bank Indonesia simultaneously, with the same counterpart at an established and agreed rate on a transaction date.
32. Sale Swap of Bank Indonesia means spot purchase of foreign currency against rupiah by Bank Indonesia, followed by forward resale of foreign exchange by Bank

Indonesia simultaneously, with the same counterpart at an established and agreed rate on a transaction date.

33. Forward Transaction means sale or purchase of foreign currency against rupiah where the fund is delivered within 2 (two) business days after a transaction date.
34. Sale Forward Transaction of Bank Indonesia means sale of foreign currency against rupiah by Bank Indonesia where the fund is delivered more than 2 (two) business days after a transaction date.
35. Purchase Forward Transaction of Bank Indonesia means purchase of foreign currency against rupiah by Bank Indonesia where the fund is delivered more than 2 (two) business days after a transaction date.
36. Jakarta Interbank Spot Dollar Rate, hereinafter referred to as JISDOR, means the representation of US dollar spot rate against rupiah from interbank transactions in the domestic market, including Bank transactions with any bank overseas, whose transaction data is accessible through Monitoring System of Foreign Currency against Rupiah as specified in the provisions of Bank Indonesia for foreign currency against rupiah transactions between banks and domestic parties.
37. Delivery Versus Payment, hereinafter referred to as DVP, means mechanism of securities and fund settlements at the same time.
38. Early Redemption means redemption of SBI, SDBI, Foreign Currency SBBI prior to their maturity or redemption of Conventional OMO Term Deposit or Sharia OMO Term Deposit prior to its maturity.
39. Bank Indonesia-Electronic Trading Platform System, hereinafter referred to as BI-ETP System, means BI-ETP System as specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.
40. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, means BI-SSSS as specified in the provisions of Bank Indonesia for

transaction implementation, securities administration, and outright fund settlement.

41. Business Day means the business days of Bank Indonesia, including the limited operational business days of Bank Indonesia.

## CHAPTER II

### OMO OBJECTIVE

#### Article 2

- (1) Bank Indonesia implements OMO as one of the efforts to reach the objective of Monetary Operation, namely to support the achievement of monetary stability.
- (2) The OMO set forth in paragraph (1) is implemented in the money market and foreign exchange market in an integrated manner.
- (3) The OMO set forth in paragraph (1) includes:
  - a. Conventional OMO; and
  - b. Sharia OMO.

#### Article 3

- (1) To achieve the objective set forth in Article 2 paragraph (1), Conventional OMO is implemented to control the interest rate in PUAB O/N and maintain rupiah exchange rate stability.
- (2) To control the interest rate in PUAB O/N set forth in paragraph (1), Bank Indonesia conducts liquidity management in rupiah money market through liquidity absorption and/or liquidity injection.
- (3) To maintain exchange rate stability, Bank Indonesia makes intervention and/or other transactions in the foreign exchange market.

#### Article 4

- (1) To achieve the objective set forth in Article 2 paragraph (1), Sharia OMO is implemented to influence liquidity

adequacy in the money market in adherence to sharia principles and foreign exchange market.

- (2) To influence liquidity adequacy in the money market in adherence to sharia principles set forth in paragraph (1), Bank Indonesia conducts liquidity management through liquidity absorption and/or liquidity injection.
- (3) To influence liquidity adequacy in foreign exchange market, Bank Indonesia makes intervention and/or other transactions in the foreign exchange market.

### CHAPTER III

#### OMO IMPLEMENTATION

##### Article 5

- (1) OMO may be conducted on Business Days determined by Bank Indonesia.
- (2) The window time of OMO starts from 08.00 West Indonesia Time until 16.00 West Indonesia Time or any other time determined by Bank Indonesia.

##### Article 6

Bank Indonesia implements OMO through BI-ETP System or any dealing system determined by Bank Indonesia.

##### Article 7

- (1) Bank Indonesia implements OMO through tender and/or non-tender mechanism.
- (2) The OMO through tender mechanism set forth in paragraph (1) may be implemented in the following methods:
  - a. fixed rate tender; or
  - b. variable rate tender.
- (3) The OMO through non-tender mechanism set forth in paragraph (1) is conducted bilaterally between Bank Indonesia and an OMO participant.



### Article 8

The Conventional OMO set forth in Article 2 paragraph (3) letter a is implemented through the following instruments:

- a. issuance of SBI, SDBI, and/or Foreign Currency SBBI;
- b. Conventional OMO Repo Transaction and/or Conventional OMO Reverse Repo Transaction;
- c. outright SBN purchase and sale in the secondary market;
- d. Conventional OMO Term Deposit Transaction in rupiah;
- e. Conventional OMO Term Deposit Transaction in foreign exchange;
- f. Spot, Swap, and/or Forward Transaction; and/or
- g. other transactions in the money market of rupiah and foreign currencies.

### Article 9

The Sharia OMO set forth in Article 2 paragraph (3) letter b is implemented through the following instruments:

- a. SBIS issuance;
- b. Sharia OMO Repo Transaction and/or Sharia OMO Reverse Repo Transaction;
- c. outright SBSN purchase and sale in the secondary market;
- d. Sharia OMO Term Deposit Transaction in foreign exchange; and/or
- e. other transactions in adherence to sharia principles in the money market of rupiah and foreign currencies.

### Article 10

- (1) Criteria and requirements for securities usable in OMO transactions are specified in the provisions of Bank Indonesia for criteria and requirements for securities in monetary operation.
- (2) Requirements for Conventional OMO Participants, Sharia OMO Participants, and Intermediary Institutions, which may be proposed in OMO transactions are specified in the provisions of Bank Indonesia for monetary operation participation.

## CHAPTER IV CONVENTIONAL OMO INSTRUMENTS

### Part One SBI Issuance

#### Paragraf 1 SBI Characteristics

##### Article 11

SBI issuance is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market.

##### Article 12

- (1) SBI has the following characteristics:
  - a. has a unit of Rp1,000,000.00 (one million rupiah);
  - b. has the shortest term of 1 (one) month and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
  - c. is issued and traded under a discount system;
  - d. is issued and transacted in BI-ETP System;
  - e. is issued scripless dan administered in BI-SSSS; and
  - f. is negotiable through trade in the secondary market by outright purchase or sale, lending, grant, repurchase (repo) agreement, or collateral.
- (2) SBI in collateral may not be traded.
- (3) Bank Indonesia will redeem SBI in the nominal amount when due.
- (4) Bank Indonesia may make Early Redemption of SBI based on monetary management strategy consideration.
- (5) Early Redemption of SBI set forth in paragraph (4) is made with the approval of an SBI owner.
- (6) Example of SBI term calculation is specified in Appendix I, which constitutes an inseparable part of this Regulation of Members of Board of Governors.

Paragraf 2  
SBI Issuance Mechanism

Article 13

- (1) SBI is conducted through tender mechanism by BI-ETP System.
- (2) SBI tender is conducted with the following method:
  - a. fixed rate tender, at SBI tender discount rate determined by Bank Indonesia; or
  - b. variable rate tender, at SBI tender discount rate proposed by a Conventional OMO Participant.

Part Two  
SDBI Issuance

Section 1  
SDBI Characteristics

Article 14

SDBI issuance is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market.

Article 15

- (1) SDBI has the following characteristics:
  - a. has a unit of Rp 1,000,000.00 (one million rupiah);
  - b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
  - c. is issued and traded under a discount system;
  - d. is issued and transacted in BI-ETP System;
  - e. is issued scripless and administered in BI-SSSS;
  - f. is negotiable only between commercial banks;
  - g. may only be owned by commercial banks; and

- h. may only be transacted between commercial banks through outright purchase and/or sale, lending, grant, repurchase (repo) agreement, or collateral.
- (2) SDBI in collateral may not be traded.
- (3) Bank Indonesia will redeem SDBI in the nominal amount when due.
- (4) Bank Indonesia may make an Early Redemption of SDBI if:
  - a. Bank Indonesia makes consideration of monetary management strategy; or
  - b. SDBI is owned by any party other than commercial banks.
- (5) Early Redemption of SDBI set forth in paragraph (4) letter a is made with the approval of an SDBI owner.
- (6) Example of SDBI term calculation is specified in Appendix II, which constitutes an inseparable part of this Regulation of Members of Board of Governors.

## Section 2

### SDBI Issuance Mechanism

#### Article 16

- (1) SDBI is issued by tender mechanism through BI-ETP System.
- (2) SDBI tender is conducted in the following methods:
  - a. fixed rate tender, at the SDBI tender discount rate determined by Bank Indonesia; or
  - b. variable rate tender, at the SDBI tender discount rate proposed by a Conventional OMO Participant.

## Part Three

### Foreign Exchange SBBI Issuance

#### Section 1

#### Foreign Exchange SBBI Characteristics

#### Article 17

Foreign Exchange SBBI issuance is an instrument used by Bank Indonesia to support rupiah exchange rate stability.

#### Article 18

- (1) Foreign Exchange SBBI has the following characteristics:
  - a. the foreign currency type is United States dollar;
  - b. has a unit of USD1,000.00 (one thousand United States dollar);
  - c. has the shortest term of 1 (one) month and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
  - d. is issued scripless;
  - e. may be owned by residents or non-residents in the primary or secondary market;
  - f. is tradable; and
  - g. is issued and traded under a discount system.
- (2) Foreign Exchange SBBI in collateral status may not be traded.
- (3) Bank Indonesia will redeem Foreign Exchange SBBI in the nominal amount when due.
- (4) Bank Indonesia may make Early Redemption of Foreign Exchange SBBI based on monetary management strategy consideration.
- (5) Early Redemption of Foreign Exchange SBBI set forth in paragraph (4) is made with the approval of a Foreign Exchange SBBI owner.

#### Section 2

##### Mechanism of Foreign Exchange SBBI Issuance

#### Article 19

- (1) Foreign Exchange SBBI is issued in tender mechanism through dealing system determined by Bank Indonesia.
- (2) Foreign Exchange SBBI tender is conducted in the following methods:

- a. fixed rate tender, at the Foreign Exchange SBBI tender discount rate determined by Bank Indonesia; or
- b. variable rate tender, at the Foreign Exchange SBBI tender discount rate proposed by a Conventional OMO Participant.

#### Part Four

#### Conventional OMO Repo Transaction

##### Section 1

##### Characteristics of Conventional OMO Repo Transaction

##### Article 20

Conventional OMO Repo Transaction is an instrument used by Bank Indonesia for rupiah liquidity injection in the money market.

##### Article 21

Conventional OMO Repo Transaction has the following characteristics:

- a. is conducted in sell and buy back principle with transfer of ownership;
- b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in calendar days, calculated from 1 (one) calendar day after the settlement date until the due date;
- c. repo rate is calculated based on simple interest method; and
- d. right to receive repurchased securities coupon during Conventional OMO Repo Transaction period belongs to a Conventional OMO Participant.

##### Section 2

##### Mechanism of Conventional OMO Repo Transaction

##### Article 22

- (1) Conventional OMO Repo Transaction is conducted in tender mechanism through:
  - a. BI-ETP System for Conventional OMO Repo Transaction with securities in rupiah; or
  - b. dealing system facility determined by Bank Indonesia for Conventional OMO Repo Transaction with securities in foreign exchange.
- (2) Tender for Conventional OMO Repo Transaction is conducted in the following methods:
  - a. fixed rate tender, at the repo rate determined by Bank Indonesia; or
  - b. variable rate tender, at the repo rate proposed by a Conventional OMO Participant.

## Part Five

### Conventional OMO Reverse Repo Transaction

#### Section 1

#### Characteristics of Conventional OMO Reverse Repo Transaction

#### Article 23

Conventional OMO Reverse Repo Transaction is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market.

#### Article 24

Conventional OMO Reverse Repo Transaction has the following characteristics:

- a. is conducted in sell and buy back principle with transfer of ownership;
- b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in calendar days, calculated from 1 (one) calendar day after the settlement date until the due date;
- c. reverse repo rate is calculated based on simple interest method; and

- d. right to receive reverse repurchased securities coupon during Conventional OMO Reverse Repo Transaction period belongs to Bank Indonesia.

## Section 2

### Mechanism of Conventional OMO Reverse Repo Transaction

#### Article 25

- (1) Conventional OMO Reverse Repo Transaction is conducted through tender mechanism by BI-ETP System.
- (2) Tender for Conventional OMO Reverse Repo Transaction is conducted in the following methods:
  - a. fixed rate tender, at the reverse repo rate (RR-Rate) determined by Bank Indonesia; or
  - b. variable rate tender, at the reverse repo rate (RR-Rate) proposed by a Conventional OMO Participant.

## Section Six

### Outright SBN Purchase and Sale in the Secondary Market

#### Article 26

- (1) Outright SBN purchase by Bank Indonesia in the secondary market is conducted for rupiah liquidity injection in the money market and/or maintain SBN availability required as a Monetary Operation instrument to achieve the operational target of Bank Indonesia's monetary policy.
- (2) Outright SBN sale by Bank Indonesia in the secondary market is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market.

#### Article 27

- (1) Outright SBN purchase and sale in the secondary market is conducted through:



- a. tender mechanism through BI-ETP System and/or dealing system facility determined by Bank Indonesia; or
  - b. non-tender mechanism through BI-ETP System or dealing system facility determined by Bank Indonesia.
- (2) Outright purchase and sale in the secondary market are conducted in the following methods:
- a. fixed rate tender, at the yield or outright SBN purchase or sale price in the secondary market determined by Bank Indonesia; or
  - b. variable rate tender, at the yield or outright SBN purchase or sale price in the secondary market proposed by a Conventional OMO Participant.

## Part Seven

### Conventional OMO Term Deposit Transaction in Rupiah

#### Section 1

#### Characteristics of Conventional OMO Term Deposit Transaction in Rupiah

#### Article 28

Conventional OMO Term Deposit Transaction in rupiah is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market.

#### Article 29

Conventional OMO Term Deposit Transaction in rupiah has the following characteristics:

- a. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in calendar days, calculated from 1 (one) calendar day after the settlement date until the due date;
- b. is conducted without the issuance of securities;
- c. interest is calculated by using discount system;
- d. is administered in BI-SSSS; and

- e. Early Redemption may be made entirely or partially.

## Section 2

### Mechanism of Conventional OMO Term Deposit Transaction in Rupiah

#### Article 30

- (1) Conventional OMO Term Deposit Transaction in rupiah is conducted through tender mechanism by BI-ETP System.
- (2) Tender for Conventional OMO Term Deposit Transaction in rupiah is conducted in the following methods:
  - a. fixed rate tender, at the discount rate of Conventional OMO Term Deposit Transaction in rupiah determined by Bank Indonesia; or
  - b. variable rate tender, at the discount rate of Conventional OMO Term Deposit Transaction in rupiah proposed by a Conventional OMO Participant.

## Part Eight

### Conventional OMO Term Deposit Transaction in Foreign Exchange

#### Section 1

#### Characteristics of Conventional OMO Term Deposit Transaction in Foreign Exchange

#### Article 31

Conventional OMO Term Deposit Transaction in foreign exchange is an instrument used by Bank Indonesia to manage foreign exchange liquidity to support rupiah exchange rate stability.

#### Article 32

Conventional OMO Term Deposit Transaction in rupiah has the following characteristics:

- a. the currency used is United States dollar;

- b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
- c. is conducted without issuance of securities;
- d. interest is calculated by using simple interest method;
- e. Early Redemption may be made entirely or partially; and
- f. may be changed into Sale Swap Transaction of Bank Indonesia.

## Section 2

### Mechanism of Conventional OMO Term Deposit Transaction in Foreign Exchange

#### Article 33

- (1) Conventional OMO Term Deposit Transaction in foreign exchange is conducted through tender mechanism by dealing system facility determined by Bank Indonesia.
- (2) Tender of Conventional OMO Term Deposit Transaction in foreign exchange is conducted in the following methods:
  - a. fixed rate tender, at the interest rate of Conventional OMO Term Deposit Transaction in foreign exchange determined by Bank Indonesia; or
  - b. variable rate tender, at the interest rate of Conventional OMO Term Deposit Transaction in foreign exchange proposed by a Conventional OMO Participant.

## Part Nine

### Spot Transaction

#### Section 1

#### Characteristics of Spot Transaction

#### Article 34

Spot Transaction is an instrument used by Bank Indonesia to maintain rupiah exchange rate stability by the following methods:

- a. Sale Spot Transaction of Bank Indonesia; or
- b. Purchase Spot Transaction of Bank Indonesia.

#### Article 35

The foreign exchange used in Spot Transaction is United States dollar.

### Section 2

#### Mechanism of Spot Transaction

#### Article 36

- (1) Spot Transaction is conducted through non-tender mechanism bilaterally between Bank Indonesia and a Conventional OMO Participant directly or through an Intermediary Institution.
- (2) Spot Transaction is conducted through dealing system facility used by Bank Indonesia.

### Part Ten

#### Swap Transaction

### Section 1

#### Characteristics of Swap Transaction

#### Article 37

Swap Transaction is a transaction used by Bank Indonesia to support liquidity management and maintain rupiah exchange rate stability by the following methods:

- a. Sale Swap Transaction of Bank Indonesia; or
- b. Purchase Swap Transaction of Bank Indonesia.

#### Article 38

Swap Transaction has the following characteristics:

- a. the currency used is United States dollar against rupiah;

- b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
- c. spot rate of United States dollar against rupiah used in Swap Transaction is JISDOR; and
- d. forward rate of United States dollar against rupiah used in Swap Transaction is spot rate plus swap premium.

#### Article 39

- (1) If the window time of Swap Transaction in an open tender is opened before JISDOR issuance, the spot rate used set forth in Article 38 letter c will be the JISDOR on the previous business day.
- (2) If the window time of Swap Transaction in an open tender is opened after JISDOR issuance, the spot rate used set forth in Article 38 letter c will be the JISDOR on the transaction date.

#### Section 2

##### Mechanism of Swap Transaction

#### Article 40

Swap Transaction is conducted with tender or non-tender mechanism.

#### Article 41

- (1) Swap Transaction with tender mechanism is conducted through dealing system facility determined by Bank Indonesia.
- (2) Swap Transaction through tender mechanism is conducted in the following methods:
  - a. fixed rate tender, with swap premium determined by Bank Indonesia; or
  - b. variable rate tender, with swap premium proposed by a Conventional OMO Participant.

#### Article 42

- (1) Swap Transaction with non-tender mechanism is conducted bilaterally between Bank Indonesia and a Conventional OMO Participant directly or through an Intermediary Institution.
- (2) Swap Transaction through non-tender mechanism is conducted through dealing system facility used by Bank Indonesia.

### Part Eleven

#### Forward Transaction

##### Section 1

#### Characteristics of Forward Transaction

#### Article 43

Forward Transaction is an instrument used by Bank Indonesia to maintain rupiah exchange rate stability by the following methods:

- a. Sale Forward Transaction of Bank Indonesia; or
- b. Purchase Forward Transaction of Bank Indonesia.

#### Article 44

Forward Transaction has the following characteristics:

- a. the foreign currency used in United States dollar;
- b. the tenor of Forward Transaction is conducted more than 2 (two) calendar days and longest term of 12 (twelve) months stated in calendar days and calculated starting from 1 (one) calendar day after the transaction date until the settlement date; and
- c. forward rate of United States dollar against rupiah used is the JISDOR rate during the transaction plus the agreed premium.

#### Article 45

- (1) If the window time is opened before JISDOR issuance, the spot rate used is JISDOR on the previous business day.

- (2) If the window time is opened after JISDOR issuance, the spot rate used is JISDOR on the transaction date.

## Section 2

### Mechanism of Forward Transaction

#### Article 46

Forward Transaction is conducted through tender or non-tender mechanism.

#### Article 47

- (1) Forward Transaction through tender mechanism is conducted by dealing system facility determined by Bank Indonesia.
- (2) Forward Transaction through tender mechanism is conducted in the following methods:
  - a. fixed rate tender, at the forward point of Forward Transaction determined by Bank Indonesia; or
  - b. variable rate tender, at the forward point of Forward Transaction proposed by a Conventional OMO Participant.

#### Article 48

- (1) Forward Transaction is conducted through non-bilateral mechanism bilaterally between Bank Indonesia and a Conventional OMO Participant directly or through an Intermediary Institution.
- (2) Forward Transaction through non-tender mechanism is conducted through dealing system facility used by Bank Indonesia.

## CHAPTER V

### SHARIA OMO INSTRUMENTS

#### Part One

#### SBIS Issuance

Section 1  
SBIS Characteristics

Article 49

SBIS issuance is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market in adherence to sharia principles.

Article 50

- (1) SBIS has the following characteristics:
  - a. has a unit of Rp 1,000,000.00 (one million rupiah);
  - b. has the shortest term of 1 (one) month and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date.
  - c. is issued scripless and administered in BI-SSSS;
  - d. may be secured to Bank Indonesia;
  - e. is non-tradable in the secondary market; and
  - f. may only be owned by SCB or SBU.
- (2) SBIS issued by Bank Indonesia uses ju'alah contract.
- (3) is issued and transacted in BI-ETP System.
- (4) Bank Indonesia will redeem SBIS in the nominal amount when due.
- (5) Example of SBIS term calculation is specified in Appendix III, which constitutes an inseparable part of this Regulation of Members of Board of Governors.

Article 51

- (1) Bank Indonesia will pay the yield for the SBIS of a Sharia OMO Participant under the following provisions:
  - a. when SBIS is due; or
  - b. before maturity, if a Sharia OMO Participant fails to meet the mandatory second leg transaction under SBIS repurchase (repo) agreement set forth in the provisions of Bank Indonesia for Standing Facilities.



- (2) The yield given refers to the discount rate or interest rate resulted from the Conventional OMO transaction tender with the same term as simultaneously transacted with SBIS issuance under the following provisions:
  - a. if Conventional OMO transaction tender uses fixed rate tender, SBIS yield is determined same as the discount rate or interest rate of the Conventional OMO transaction tender.
  - b. if Conventional OMO transaction tender uses variable rate tender, SBIS yield is determined same as the average weighted discount rate or interest rate of the Conventional OMO transaction tender.
- (3) If in the same time there is no Conventional OMO transaction tender within the same term, the yield given as set forth in paragraph (2) refers to the latest data between SBIS yield rate, discount rate, or OMO interest rate within the same term.
- (4) SBIS yield is calculated based on the following formula:

$$\frac{\text{Nilai Imbalan SBIS}}{\text{Nilai SBIS}} = \text{Nominal} \times \left( \frac{\text{Jangka Waktu SBIS}}{360} \right) \times \frac{\text{Tingkat Imbalan SBIS}}{\text{SBIS}}$$

Section 2

SBIS Issuance Mechanism

Article 52

SBIS is issued through tender mechanism by BI-ETP System.

Part Two

Sharia OMO Repo Transaction

Section 1

Characteristics of Sharia OMO Repo Transaction

Article 53

Sharia OMO Repo transaction is an instrument used by Bank Indonesia for rupiah liquidity injection in the money market in adherence to sharia principles.

#### Article 54

Sharia OMO Repo Transaction has the following characteristics:

- a. applies *al bai'* (sale and purchase) contract accompanied by (*al wa'd*) covenant by a Sharia OMO Participant to Bank Indonesia, in a separate document, to repurchase SBSN within the agreed term and at the agreed price;
- b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
- c. repo margin is calculated in the second leg settlement of Sharia OMO Repo Transaction; and
- d. the right to repurchased securities yield during Sharia OMO Repo Transaction belongs to the Sharia OMO Participant.

#### Section 2

##### Mechanism of Sharia OMO Repo Transaction

#### Article 55

- (1) Sharia OMO Repo Transaction is conducted through tender mechanism by BI-ETP System.
- (2) Tender for Sharia OMO Repo Transaction is conducted in the following methods:
  - a. fixed rate tender, with repo margin determined by Bank Indonesia; or
  - b. variable rate tender, with repo margin proposed by a Sharia OMO Participant.

#### Part Three

##### Sharia OMO Reverse Repo Transaction

## Section 1

### Characteristics of Sharia OMO Reverse Repo Transaction

#### Article 56

Sharia OMO Reverse Repo transaction is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market in adherence to sharia principles.

#### Article 57

Sharia OMO Reverse Repo Transaction has the following characteristics:

- a. applies *al bai'* (sale and purchase) contract accompanied by (*al wa'd*) covenant by a Sharia OMO Participant to Bank Indonesia, in a separate document, to resell SBSN within the agreed term and at the agreed price;
- b. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
- c. reverse repo margin is calculated in the second leg settlement of Sharia OMO Reverse Repo Transaction; and
- d. the right to reverse repurchased securities yield during Sharia OMO Reverse Repo Transaction belongs to Bank Indonesia.

## Section 2

### Mechanism of Sharia OMO Reverse Repo Transaction

#### Article 58

- (1) Sharia OMO Reverse Repo Transaction is conducted through tender mechanism by BI-ETP System.
- (2) Tender for Sharia OMO Reverse Repo Transaction is conducted in the following methods:
  - a. fixed rate tender, with Sharia OMO Reverse Repo Transaction margin determined by Bank Indonesia;
  - or

- b. variable rate tender, with Sharia OMO Reverse Repo Transaction margin proposed by a Sharia OMO Participant.

#### Part Four

#### Outright SBSN Purchase and Sale in the Secondary Market

##### Article 59

- (1) Outright SBSN purchase by Bank Indonesia in the secondary market is a transaction used by Bank Indonesia for liquidity injection and to maintain SBSN availability required as an SMO instrument to achieve the operational target of Bank Indonesia's monetary policy.
- (2) Outright SBSN sale by Bank Indonesia in the secondary market is an instrument used by Bank Indonesia for rupiah liquidity absorption in the money market in adherence to sharia principles.

##### Article 60

- (1) Outright SBN purchase and sale in the secondary market are conducted through:
  - a. tender mechanism by BI-ETP System and/or dealing system facility determined by Bank Indonesia; or
  - b. non-tender mechanism by BI-ETP System or dealing system facility determined by Bank Indonesia.
- (2) Outright purchase and sale in the secondary market through tender mechanism set forth in paragraph (1) letter a are conducted in the following methods:
  - a. fixed rate tender, at the yield or price of SBSN purchase or sale determined by Bank Indonesia; or
  - b. variable rate tender, at the yield or price of SBSN purchase or sale proposed by a Sharia OMO Participant.

#### Part Five

#### Sharia OMO Term Deposit Transaction in Foreign Exchange

Section 1  
Characteristics of Sharia OMO Term Deposit Transaction in  
Foreign Exchange

Article 61

Sharia OMO Term Deposit Transaction in foreign exchange is an instrument in adherence to sharia principles used by Bank Indonesia to manage foreign exchange liquidity to support rupiah exchange rate stability.

Article 62

Sharia OMO Term Deposit Transaction in foreign exchange has the following characteristics:

- a. uses *ju'alah* contract by a Sharia OMO Participant to Bank Indonesia;
- b. the currency used is United States dollar;
- c. has the shortest term of 1 (one) calendar day and longest term of 12 (twelve) months stated in the number of calendar days and calculated starting from 1 (one) calendar day after the settlement date until the due date;
- d. is conducted without issuance of securities;
- e. is given yield; and
- f. Early Redemption may be made entirely or partially.

Article 63

- (1) Bank Indonesia pays the yield of Sharia OMO Term Deposit Transaction in foreign exchange when Sharia OMO Term Deposit Transaction in foreign exchange due or on the Early Redemption settlement date.
- (2) The yield of Sharia OMO Term Deposit Transaction in foreign exchange refers to the interest rate in the tender of Conventional OMO Term Deposit Transaction in foreign exchange within the same term, conducted simultaneously with Sharia OMO Term Deposit Transaction in foreign exchange.
- (3) The yield set forth in paragraph (2) is determined as follows:

- a. if a tender for Conventional OMO Term Deposit Transaction in foreign exchange uses fixed rate tender, the yield of Sharia OMO Term Deposit Transaction in foreign exchange will be determined equal to the interest rate of the Conventional OMO Term Deposit Transaction in foreign exchange.
  - b. if a tender for Conventional OMO Term Deposit Transaction in foreign exchange uses variable rate tender, the yield of Sharia OMO Term Deposit Transaction in foreign exchange will be determined equal to the average weighted interest rate of the Conventional OMO Term Deposit Transaction in foreign exchange.
- (4) If in the same time there is no Conventional OMO Term Deposit tender in foreign exchange within the same term, the yield rate given set forth in paragraph (2) will refer to the yield rate of Sharia OMO Term Deposit Transaction in foreign exchange or interest rate of Conventional OMO Term Deposit in foreign exchange in the previous tender, the latest one with the same term.
- (5) Sharia OMO Term Deposit Transaction in foreign exchange is calculated by using the following formula:

$$\text{Nilai Imbalan} = \frac{\text{Nilai Nominal}}{\text{Term Deposit OPT Syariah dalam Valuta Asing}} \times \frac{\text{Tingkat Imbalan}}{360} \times k$$

Note:

- k = term until the settlement date of due Sharia OMO Term Deposit Transaction in foreign exchange or settlement date of Early Redemption of Sharia OMO Term Deposit Transaction in foreign exchange (in days).
- (6) Example of yield calculation is specified in Appendix IV, which constitutes an inseparable part of this Regulation of Members of Board of Governors.

Section 2  
Mechanism of Sharia OMO Term Deposit Transaction in  
Foreign Exchange

Article 64

Sharia OMO Term Deposit Transaction in foreign exchange is conducted through tender mechanism by dealing system facility determined by Bank Indonesia.

CHAPTER VI  
CLOSING PROVISIONS

Article 65

This Regulation starts to take effect as from its issuance date.

For public recognition, it is hereby ordered this Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Established in Jakarta  
on

MEMBER OF BOARD OF GOVERNORS,

ERWIN RIJANTO

ELUCIDATION  
ON  
REGULATION OF MEMBERS OF BOARD OF GOVERNORS  
NUMBER 20/5/PDG/2018  
ON  
INSTRUMENTS IN OPEN MARKET OPERATION

I. GENERAL

In Article 7 of Law Number 23 of 1999 on Bank Indonesia as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law, it is evidently specified that the objective of Bank Indonesia is to achieve and maintain rupiah stability.

To reach the objective and face macroeconomic challenges, Bank Indonesia conducts monetary control through implementation of monetary operation in a conventional manner or in adherence to sharia principles.

Monetary operation is conducted among others through Open Market Operation, including Conventional OMO to control the interest rate in Overnight Interbank Money Market (PUAB O/N) and maintain rupiah exchange rate stability, and Sharia OMO to affect liquidity adequacy in the money market in adherence to sharia principles and in foreign exchange market.



## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory

### Article 2

#### Paragraph (1)

“Monetary stability” means a condition where inflation fluctuates within the target range and exchange rate moves steadily in line with the economic fundamental condition.

#### Paragraph (2)

Self-explanatory

#### Paragraph (3)

Self-explanatory

### Article 3

#### Paragraph (1)

“Interest rate in Overnight Interbank Money Market (PUAB O/N)” means the interest rate on 1 (one) day (overnight) lending transactions in rupiah between commercial banks.

#### Paragraph (2)

“Liquidity absorption” means liquidity decrease in rupiah money market through Conventional OMO activities.

“Liquidity injection” means liquidity increase in rupiah money market through Conventional OMO activities.

#### Paragraph (3)

Self-explanatory

### Article 4

#### Paragraph (1)

Self-explanatory

#### Paragraph (2)

“Liquidity absorption” means rupiah liquidity decrease in the money market in adherence to sharia principles through Sharia OMO activities.

“Liquidity injection” means rupiah liquidity increase in the money market in adherence to sharia principles through Sharia OMO activities.

Paragraph (3)

Self-explanatory

Article 5

Self-explanatory

Article 6

Self-explanatory

Article 7

Paragraph (1)

Self-explanatory

Paragraph (2)

If fixed rate tender is conducted, Bank Indonesia determines among others discount rate, repo rate, yield, repo margin, or reverse repo margin.

If variable rate tender is conducted, Bank proposes among others discount rate, repo rate, yield, repo margin, or reverse repo margin.

Paragraph (3)

Self-explanatory

Article 8

Self-explanatory

Article 9

Self-explanatory

Article 10

Self-explanatory

Article 11

Self-explanatory

Article 12  
Self-explanatory

Article 13  
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Article 14  
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Article 15  
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Article 33  
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Article 34  
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Article 35  
Self-explanatory

## Article 36

Self-explanatory

## Article 37

Self-explanatory

## Article 38

Self-explanatory

## Article 39

Paragraph (1)

“Business day” means business days starting from Monday through Friday, except national holidays and/or special holidays determined by the government.

Paragraph (2)

Self-explanatory

## Article 40

Self-explanatory

## Article 41

Self-explanatory

## Article 42

Self-explanatory

## Article 43

Self-explanatory

## Article 44

Self-explanatory

## Article 45

Paragraph (1)

“Business day” means business days starting from Monday through Friday, except national holidays and/or special holidays determined by the government.

Paragraph (2)  
Self-explanatory

Article 46  
Self-explanatory

Article 47  
Self-explanatory

Article 48  
Self-explanatory

Article 49  
Self-explanatory

Article 50  
Paragraph (1)  
Self-explanatory  
Paragraph (2)  
“*Ju’alah* contract” means a covenant or commitment (*iltizam*) to give certain rewards (*’iwadh/ju’l*) for accomplishment of a result (*natijah*) determined from a work.  
Paragraph (3)  
Self-explanatory  
Paragraph (4)  
Self-explanatory  
Paragraph (5)  
Self-explanatory

Article 51  
Self-explanatory

Article 52  
Self-explanatory

Article 53  
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Article 54  
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Article 58  
Self-explanatory

Article 59  
Self-explanatory

Article 60  
Self-explanatory

Article 61  
Self-explanatory

Article 62

Letter a

“*Ju’alah* contract” means a covenant or commitment (*iltizam*) to give certain rewards (*’iwadh/ju’l*) for accomplishment of a result (*natijah*) determined from a work.

Letter b

Self-explanatory

Letter c

Self-explanatory

Letter d

Self-explanatory

Letter e

Self-explanatory  
Letter f  
Self-explanatory

Article 63  
Self-explanatory

Article 64  
Self-explanatory

Article 65  
Self-explanatory